



June of 2010 is the Date for Changes in Medicare Supplement Insurance

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June 1, 2010 is the date for changes in the Medicare Supplement (Medigap) plans offered to consumers to cover Medicare deductibles and co-payments. Learning now about the changes taking place on June 1, 2010 will make consumers better prepared to evaluate their current Medigap plan. As of June 1 these new plans will be marketed to consumers, but those currently covered under older plans will still be covered by those plans and benefits.

Both the terms Medicare Supplement and Medigap are used to describe these plans. Medigap is used because Medicare Supplement plans fill the “gaps” in Medicare. There are also Medicare Advantage plans (managed care plans such as HMO’s and PPO’s) but those are not the same types of policies and should not be confused. With a Medigap plan, after a consumer receives Medical services, Medicare is billed as the primary insurance and the Medigap plan is a secondary payer. With Medicare Advantage (MA) plans, once a consumer joins an MA plan Medicare is no longer billed. The bills are paid by the MA plan and consumers owe co-payments for services. A Medigap plan cannot be billed and will not work with an MA plan. Consumers should choose one route or the other - either original Medicare with a Medigap as a supplement OR a Medicare Advantage plan.

As you may know, all Medigap plans are standardized by the Federal Government. Prior to June 1, 2010, there are twelve plans, lettered A through L. No matter what company you go to, a plan with the same letter designation is exactly the same. Example: Company A’s Plan B will always have the same benefits as Company Z’s Plan B. Centers for Medicare & Medicaid Services (CMS) has recently announced changes to these standard plans. These changes will apply to plans that are effective on or after June 1, 2010.

Here is an overview of the changes made by CMS:

1. Added Hospice coverage as a Basic "Core" benefit to all plans. This coverage had already been added as a basic benefit in Plans K and L.
2. Removed coverage for "Preventive Care NOT Covered by Medicare" (as in Plans E and J). CMS came to the conclusion that Medicare Part B now covers many more preventive services than in the past. In turn, the usefulness of this Medigap benefit was greatly reduced, covering only part of an annual physical after Medicare covered the initial physical.
3. Removed the "At-Home Recovery" (as in Plans D, G, I and J). CMS stated that this benefit was confusing, and difficult to understand and administer. Again, changes to Medicare made this benefit less meaningful.
4. Created a new Plan G, which is the same as the current Plan G except that the 80% "Medicare Part B Excess" benefit is being replaced by a 100% "Medicare Part B Excess" benefit, and the "At-Home Recovery" benefit was taken out.
5. Eliminated the current E, H, I and J Plans as they now duplicate some of the new Medigap plans.
6. Created a new Plan M which is the same as plan D but with a 50% coinsurance on the Part A Medicare deductible.
7. Created a new Plan N which is the same as plan D with the Part B Medicare coinsurance being paid at 100%, minus a \$20.00 copay per doctor visit and a copay of \$50.00 for an emergency room visit, unless the person is admitted to the hospital.
8. Allow companies to offer existing policyholders the opportunity to exchange their current plan for a new plan without medical underwriting. Companies, however, cannot force individuals into the new Medigap plans.

This is just a brief overview of the changes to the 2010 Med Sup Standardized Plans. For more information, review the "2010 Medicare and You" booklet (www.medicare.gov, click on "Resource Locator" and "Publications" and "Medigap" in the search engine), contact your producer (agent), or contact the Senior Health Insurance Assistance Program (SHIP) at 1-888-696-7213 to speak with a Medicare counselor in your area.